

820 KAR 1:110. Keno.

RELATES TO: KRS 238.505(17)

STATUTORY AUTHORITY: KRS 238.515(2), (9), 238.545(4), 238.550(1)

NECESSITY, FUNCTION, AND CONFORMITY: The Office of Charitable Gaming is authorized to establish circumstances under which "special limited charitable games" will be conducted. This administrative regulation establishes standards for the conduct of Keno, establishes reporting requirements, and establishes standards for the use of Keno equipment.

Section 1. Recordkeeping and Reporting Requirements. (1) For a period of thirty-six (36) months following the last date of the special limited charitable games, the charitable organization shall maintain accurate records as to the conduct of the Keno games. The records shall include:

- (a) The information contained in the transaction log;
 - (b) Payout information for each game played;
 - (c) The number draw and time of the draw for each game played;
 - (d) Appropriate system parameter information including probable payout percentages and odds of winning for each game played;
 - (e) System exception information including voids and late pays for each game played; and
 - (f) The exception log.
- (2) Other Keno records. The charitable organization shall retain all outside copies of winning tickets of \$500 or more for a period of thirty-six (36) months following the date of the Keno games.
- (3) At least once during each day of the special limited charitable games, the organization shall generate an updated shift report, and at the conclusion of each day generate a daily report, which shall be retained for a period of thirty-six (36) months following the date of the Keno games.

Section 2. Conduct of the Game - Keno. The following rules govern the conduct of Keno.

- (1) All individuals involved in any way in the conduct of Keno shall be trained in the proper conduct of the game and the control of funds.
- (2) Participation.
 - (a) No person under the age of eighteen (18) shall play or conduct the game of Keno.
 - (b) No individual involved in any capacity in the conduct of Keno at a charitable gaming event shall be permitted to play Keno at the same event and on the same day in which such individual was involved in the conduct of Keno.
- (3) Only computerized Keno games may be conducted. Brush or manual games are prohibited.
- (4) No player shall have access to, or be allowed to activate, the Keno equipment. Each number selected by the player, along with the amount wagered and the total numbers played shall be entered into the computer, and an outside ticket shall be presented to the player. The inside ticket shall be retained for such period deemed necessary by the Keno manager.
- (5) Players shall mark the inside ticket with their number selections or selection by quick pick is permissible.
 - (a) Concurrently with the generation of the outside ticket, the information on the outside ticket shall be recorded on the transaction log.
 - (b) If a ticket is voided, the void information shall be input in the computer, and the computer shall document the appropriate information pertaining to the voided wager. A void slip shall then be issued, which shall be retained with the outside tickets to serve as documentation of the transaction.
- (6) If the Keno equipment breaks down or malfunctions during the selection of the winning numbers and the problem is not promptly corrected, players shall be refunded the amount wagered upon presenting their outside ticket.
- (7) Once the Keno manager is satisfied that all tickets for a game have been issued, the game

shall be closed and all players shall be so notified. No tickets may be written or voided after a game has been closed and the number selection process has begun. Controls shall exist to prevent the writing and voiding of tickets after a game has been closed and after the number selection process has begun.

(8) The potential payout or prize for each different type of wager shall be made known to the players prior to their selecting numbers. This may be done through posting the potential payouts in a manner clearly visible to the players or through a printed schedule that is available at each location where Keno is played.

(9) No ticket, including a way ticket, may be purchased representing a wager of over five (5) dollars, except that a multirace ticket may be purchased for an amount over five (5) dollars if the wager for each game does not exceed five (5) dollars.

(10) A statement indicating any time restrictions for redeeming a winning ticket shall be visibly posted at each location where Keno is played or printed on the outside ticket or the schedule of prize payouts.

(11) The outside ticket that is given to the player shall contain the following information:

- (a) Date of the game;
- (b) Numbers chosen by the player;
- (c) Ticket sequence number;
- (d) Conditioning of the ticket;
- (e) Station number where the ticket was generated;
- (f) Game number; and
- (g) The name of the charitable organization.

(12) A draw ticket shall be prepared by the computer.

(13) A player shall wait until the last game wagered on has been called in order to collect any winnings. A player may be allowed to play fewer consecutive games than originally indicated, if approval has been obtained from the Keno manager and the voided wagers are properly documented in the transaction log.

Section 3. Winner Verification. Winning tickets shall be verified prior to payout and paid in the following manner:

(1) Procedures shall be established to preclude payment of a ticket previously presented for payment, unclaimed winning tickets after a specified period of time, voided tickets, and tickets which have not been issued.

(2) The sequence number of a ticket presented for payment shall be input into the computer, and the payment amount shall be generated by the computer and shall be given to the player.

(3) No payouts shall be made unless a winning outside ticket has been presented. If the payout amount is not indicated on the outside ticket, a payout slip shall be issued.

(4) The exception log shall be produced and maintained documenting any payments made on tickets which have not been authorized by the computer.

(5) In addition to computer system approval, winning tickets of fifty (50) dollars through \$250 shall be verbally verified by the Keno manager, winning tickets of over \$250 require the signature of the Keno manager and winning tickets of \$1,000 or more require approval of the Keno manager evidenced by his signature, the performance of comparison of the winning customer outside ticket to the transaction log and a regrading of the customer copy using the payout schedule and draw information.

Section 4. Security Standards and Controls. Access to the area in which Keno workers operate shall be restricted to charitable organization workers and authorized equipment service personnel only. Access to the computer system shall be adequately restricted, and the computer and Keno

supplies shall be maintained under lock and key while not in use. These keys shall be maintained only by the designated chairperson of the charitable organization.

Section 5. Keno Tournaments Prohibited. Tournaments, whereby players pay an entry fee for a certain amount to play a number of Keno games and where prizes are awarded from a pool of entry fees paid back to the players based on their scores, are prohibited. Keno leagues played in a similar fashion as Keno tournaments are also prohibited.

Section 6. Progressive Keno Games Prohibited. Games with a prize payout that increases by a predetermined percentage or amount as each game is played if the prize has not been awarded in a previous game are also prohibited.

Section 7. Prize Payouts. (1) No individual prize valued in excess of \$25,000 may be awarded in any Keno game.

(2) Every charitable organization shall have sufficient funds available to pay every winner of its Keno games by the end of the business day following the date such winning ticket is verified. Every winning prize shall be paid in full to the winning player and shall not be paid over a period of time or through an annuity, unless such annuity is the prize.

(3) For any prizes valued at \$10,000 or more, the charitable organization shall have sufficient funds insured or guaranteed by:

(a) An insurance company licensed to transact business in Kentucky;

(b) Money deposited into an insured account maintained by a financial institution and held in escrow for these purposes;

(c) An irrevocable letter of credit issued by a financial institution; or

(d) A bond from a bonding company registered to do business in Kentucky.

(4) If two (2) or more tickets fulfill the requirements for winning the largest prize on the same game, the full prize shall be divided equally among the winning tickets subject to any prize payout limit per game. Applicable prize payout limits shall be legibly posted at each location where Keno is played and printed on the schedule of prize payouts.

(5) All unclaimed prizes shall be the property of the charitable organization.

(6) All winning tickets of \$500 or more shall be paid to the player by check and not in cash, made payable to the order of the player.

(7) If there are multiple players on the same winning ticket and the prize is \$500 or more, the prize payment shall also be paid by a single check and not in cash, made payable to the order of the players.

Section 8. Payout Structure. Each game of Keno shall be conducted in such a manner that the probable payout percentage for each game shall not exceed seventy-five (75) percent.

Section 9. Keno Equipment Maintenance and Standards. (1) An effective maintenance plan shall be established to service Keno equipment, including computer program updates, hardware servicing, and Keno number selection equipment.

(2) With the exception of routine maintenance, all Keno equipment maintenance shall be performed by the manufacturer's or distributor's authorized service personnel. Routine maintenance shall include clearing of ticket printer paper jams, changing printer heads and cutter bars, and changing paper tape, adding paper to the ticket printer or aligning the paper on the ticket printer.

(3) A manufacturer or distributor shall not offer or market any type of Keno equipment unless the equipment complies with the requirements contained in this section.

(4) The office shall have the authority to request the testing and approval of any Keno equipment

at any time if deemed necessary in order to ensure fairness to the public and maintain the integrity of the game.

(5) Hardware requirements.

(a) All electrical and mechanical parts and design principles shall follow acceptable industrial codes in standards in both design and manufacture.

(b) Logic boards and software EPROM's shall be in a locked or sealed area within the machine or in a separate machine. No access to this area is allowed by persons other than the manufacturer's or distributor's authorized service personnel. Any unauthorized tampering or entrance into the logic area is prohibited.

(c) All PROMs and EPROMs shall have unique serial numbers that may be used to identify the PROMs and EPROMs for approval and inspection purposes. All logic boards shall have unique serial numbers or model numbers for approval and inspection purposes.

(d) A machine shall have a nonremovable identification label externally attached to the machine which includes the name of the manufacturer, the serial number of the machine and the model or make of the machine.

(6) Machine protection and integrity.

(a) A surge protector that feeds all power to the equipment shall be installed.

(b) The operation of the Keno equipment shall be impervious to influences from the outside of the device, including electro-magnetic interference, electro-static interference, and radio frequency interference.

(c) All computer functions and programs shall be secured in a locked and protective housing.

(d) The design of the Keno equipment shall ensure that there are no readily accessible game function related points which would allow any input and that there is no access to input or output circuits unless it is necessary for the proper operation of the equipment. No switches or other controlling devices may be added to the machine that would cause the machine to operate in a manner other than in which it was designed to play.

(7) Software requirements.

(a) The logic of the hardware or software may not interfere with the random number generator software.

(b) The software shall meet the minimum internal control standards for the conduct of Keno.

(c) Machine programs shall be capable of detecting corruption and shall provide an error message due to failure of the program storage media and cause the machine to cease play until corrected.

(d) All programs residing in the equipment shall be contained in a storage media which is not alterable through any use of the circuitry or programming of the machine itself.

(8) Retention of game data.

(a) No Keno equipment shall have a mechanism whereby an error will cause the game data to automatically clear. Game data shall be maintained at all times regardless of whether the machine is being supplied with power.

(b) Game data shall be stored in such a way as to prevent loss of the data when replacing parts or modules during normal maintenance.

(9) Random number generator. Random number generator selection device. A random number generator shall reside on a PROM or EPROM secured in the logic board of the computer. The numbers selected by the random number generator for each game shall be stored in the computer's memory and be capable of being output to produce a draw ticket with no manual input of the numbers required. Each possible combination of numbers which produce winning or losing game outcomes shall be available for random selection at the initiation of each game. The random selection process shall not produce any patterns of game outcomes, or be dependent upon any previous number selections or game outcomes, the amount wagered, or upon the style or method of

play.

(10) Printer.

(a) The numbers that the player selects shall be printed on the outside ticket.

(b) The printer mechanism shall have a paper-sensing device that upon sensing a "paper low" condition will allow the machine to finish printing the ticket and then prevent further ticket writing.

(c) Each machine shall recognize a printer power loss occurrence and cease play until power has been restored to the printer and the machine is capable of producing a valid ticket.

(d) Printed game data shall be printed in ink that will remain legible throughout the retention period required by Section 1 of this administrative regulation. (23 Ky.R. 1279; Am. 1938; eff. 11-8-96; Recodified from 500 KAR 11:110, 2-23-99.)